Electronic Version v1.1 Stylesheet Version v1.1

SUBMISSION TYPE: **NEW ASSIGNMENT**

NATURE OF CONVEYANCE: SECURITY INTEREST

CONVEYING PARTY DATA

Name	Formerly	Execution Date	Entity Type
Calvert Engineering, Inc.		01/27/2006	CORPORATION: CALIFORNIA

RECEIVING PARTY DATA

Name:	Guaranty Business Credit Corporation
Street Address:	333 S. Grand Ave., Suite 1650
Internal Address:	Attn: CalPump Acct Officer
City:	Los Angeles
State/Country:	CALIFORNIA
Postal Code:	90071
Entity Type:	CORPORATION: DELAWARE

PROPERTY NUMBERS Total: 3

Property Type	Number	Word Mark
Serial Number:	78855684	CAL PUMP WATERSCAPE SYSTEMS
Serial Number:	78426909	PONDPERFECT
Serial Number:	78598189	SPLASHDANCE FOR POOLS AND PONDS

CORRESPONDENCE DATA

900048159

Fax Number: (213)443-2926

Correspondence will be sent via US Mail when the fax attempt is unsuccessful.

Phone: (213) 617-5493

Email: jcravitz@sheppardmullin.com

Correspondent Name: Sheppard, Mullin, Richter & Hampton, LLP

Address Line 1: 333 S. Hope St., 48th Floor

Address Line 2: Attn: J. Cravitz

Los Angeles, CALIFORNIA 90071 Address Line 4:

ATTORNEY DOCKET NUMBER: 084L-120375

NAME OF SUBMITTER: Julie Cravitz

REEL: 003302 FRAME: 0174

TRADEMARK

Signature:	/julie cravitz/
Date:	05/03/2006
Total Attachments: 13 source=calvert TPSA#page1.tif source=calvert TPSA#page2.tif source=calvert TPSA#page3.tif source=calvert TPSA#page4.tif source=calvert TPSA#page5.tif source=calvert TPSA#page6.tif source=calvert TPSA#page7.tif source=calvert TPSA#page8.tif source=calvert TPSA#page9.tif source=calvert TPSA#page9.tif source=calvert TPSA#page10.tif source=calvert TPSA#page11.tif	
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TRADEMARK AND PATENT SECURITY AGREEMENT

THIS TRADEMARK SECURITY AGREEMENT (this "Agreement"), dated as of January 27, 2006, is entered into between CALVERT ENGINEERING, INC., a California corporation ("Debtor"), having an office at 28606 W. Livingston Avenue, Valencia, California 91355, and GUARANTY BUSINESS CREDIT CORPORATION, a Delaware corporation, having an office at 333 South Grand Avenue, Suite 1650, Los Angeles, California 90071 ("Secured Party"), with reference to the following facts:

RECITALS

- A. Debtor has adopted, used and is using, and is the owner of the entire right, title, and interest in and to the trademarks, trade names, terms, designs and applications therefor described in <u>Schedule A</u> annexed hereto, and the patents and applications therefor described in Schedule B annexed hereto and made a part hereof.
- B. Secured Party has agreed to enter into financing arrangements with Debtor pursuant to a Loan and Security Agreement dated as of January 27, 2006 (the "Loan Agreement") (the Loan Agreement, together with this Agreement, and all other related documents, agreements, instruments or notes, as the same may now exist or may hereafter be amended or supplemented, are referred to herein collectively as the "Transaction Documents"), and Debtor and Secured Party desire to enter into this Agreement, by which Debtor shall secure the payment and performance of its obligations to Secured Party under the Loan Agreement by granting Secured Party a security interest in the Collateral described below.

NOW, THEREFORE, the parties hereby agree as follows:

1. SECURITY INTEREST

Debtor hereby grants to Secured Party a security interest in:

- (a) all of Debtor's now existing or hereafter acquired right, title, and interest in and to: all of Debtor's trademarks, trade names, trade styles and service marks; all prints and labels on which such trademarks, trade names, trade styles and service marks appear, have appeared or will appear, and all designs and general intangibles of a like nature; all applications, registrations and recordings relating to the foregoing in the United States Patent and Trademark Office or in any similar office or agency of the United States, any State thereof, any political subdivision thereof or in any other countries, and all reissues, extensions and renewals thereof including those trademarks, terms, design and applications described in Schedule A hereto (the "Trademarks");
- (b) the goodwill of the business symbolized by each of the Trademarks, including, without limitation, all customer lists and other records relating to the distribution of products or services bearing the Trademarks;

-1-

- (c) all of Debtor's now existing or hereafter acquired right, title and interest in and to: all of Debtor's interests in any United States patents; all applications, registrations and recordings relating to such patents in the United States Patent and Trademark Office or in any similar office or agency of the United States and all reissues, extensions and renewals thereof, including, without limitation, those patents, applications, registrations and recordings described in Schedule B hereto (the "Patents"); and
- (d) any and all proceeds of any of the foregoing, including, without limitation, any claims by Debtor against third parties for infringement of the Trademarks or of any licenses with respect thereto (all of the foregoing are collectively referred to herein as the "Collateral").

2. OBLIGATIONS SECURED

The security interests granted to Secured Party in this Agreement shall secure the prompt and indefeasible payment and performance of the "Obligations" as defined in the Loan Agreement (all the foregoing hereinafter referred to as the "Obligations").

3. WARRANTIES AND COVENANTS

Debtor hereby covenants, represents and warrants that (all of such covenants, representations and warranties being continuing in nature so long as any of the Obligations are outstanding):

- (a) All of the existing potential and registered Collateral is valid and subsisting in full force and effect to Debtor's knowledge, and Debtor owns sole, full, and clear title thereto, and has the right and power to grant the security interests granted hereunder. Debtor will, at Debtor's expense, perform all acts and execute all documents reasonably necessary to maintain the existence of the Collateral as valid, subsisting and registered trademarks and patents, including, without limitation, the filing of any renewal affidavits and applications, except where such Collateral is not material to the Debtor's business. The Collateral is not subject to any lien, security interest, claim or encumbrance ("Lien"), except the security interest granted hereunder, the licenses, if any, which are specifically described in Schedule C hereto and Permitted Encumbrances (as defined in the Loan Agreement).
- (b) Debtor will not assign, sell, mortgage, lease, transfer, pledge, hypothecate, grant a security interest in or Lien upon, encumber, or grant an exclusive license relating thereto, except to Secured Party, or otherwise dispose of any of the Collateral without the prior written consent of Secured Party.
- (c) Debtor will, at Debtor's expense, perform all acts and execute all documents reasonably requested at any time by Secured Party to evidence, perfect, maintain, record, or enforce the security interest in the Collateral granted hereunder or to otherwise further the provisions of this Agreement. Debtor hereby authorizes Secured Party to have this Agreement filed with the Commissioner of Patents and Trademarks or other appropriate federal, state or government office.

-2-

- (d) Debtor will, concurrently with the execution and delivery of this Agreement, execute and deliver to Secured Party five (5) originals of a Power of Attorney in the form of Exhibit 1 annexed hereto for the implementation of the assignment, sale or other disposition of the Collateral pursuant to Secured Party's exercise of the rights and remedies granted to Secured Party hereunder. Secured Party agrees it will only exercise the Power of Attorney upon the occurrence and during the continuation of an Event of Default under (and as defined in) the Loan Agreement.
- (e) Secured Party may, in its sole discretion, pay any amount or do any act which Debtor fails to pay or do as required hereunder or as requested by Secured Party to maintain and preserve the Collateral, defend, protect, record, amend or enforce the Obligations, the Collateral, or the security interest granted hereunder including but not limited to, all filing or recording fees, court costs, collection charges and reasonable attorneys' fees. Debtor will be liable to Secured Party for any such payment, which payment shall be deemed a borrowing by Debtor from Secured Party, and shall be payable on demand together with interest at the rate set forth in the Transaction Documents and shall be part of the Obligations secured hereby.
- (f) As of the date hereof, Debtor does not have any Trademarks registered, or subject to pending applications, or Patents or Patents pending in the United States Patent and Trademark Office or any similar office or agency in the United States other than those described in Schedules A and B annexed hereto.
- (g) Debtor shall notify Secured Party in writing of the filing of any application for the registration of a Trademark or Patent with the United States Patent and Trademark Office or any similar office or agency in the United States or any state therein within thirty (30) days of such filing. Upon request of Secured Party, Debtor shall execute and deliver to Secured Party any and all assignments, agreements, instruments, documents, and such other papers as may be requested by Secured Party to evidence the security interests of Secured Party in such Trademark or Patent
- (h) Debtor has not abandoned any of the Trademarks material to the conduct of the business and Debtor will not do any act, nor omit to do any act, whereby the Trademarks or Patents material to the conduct of the business may become abandoned, canceled, invalidated, unenforceable, avoided, or avoidable. Debtor shall notify Secured Party immediately if Debtor knows or has reason to know of any reason why any application, registration, or recording material to the conduct of the business may become abandoned, canceled, invalidated, unenforceable, avoided, or avoidable.

4. RIGHTS AND REMEDIES

Upon the occurrence of an Event of Default and at any time thereafter, in addition to all other rights and remedies of Secured Party, whether provided under applicable law, the Transaction Documents or otherwise, and after expiration of any grace period, Secured Party shall have the following rights and remedies which may be exercised without

-3-

notice to, or consent by, Debtor, except as such notice or consent is expressly provided for hereunder.

- (a) Secured Party may make use of any Trademarks or Patents for the sale of goods or rendering of services in connection with enforcing any other security interest granted to Secured Party by Debtor.
- (b) Secured Party may grant such license or licenses relating to the Collateral for such term or terms, on such conditions, and in such manner as Secured Party shall in its sole discretion deem appropriate. Such license or licenses may be general, special, or otherwise and may be granted on an exclusive or non-exclusive basis throughout all or any part of the United States of America, its territories and possessions, and all foreign countries.
- (c) Secured Party may assign, sell, or otherwise dispose of the Collateral or any part thereof, either with or without special conditions or stipulations, except that Secured Party agrees to provide Debtor with ten (10) days prior written notice of any proposed disposition of the Collateral.
- (d) In addition to the foregoing, in order to implement the assignment, sale, or other disposition of any of the Collateral pursuant to subparagraph 4(c) hereof, Secured Party may at any time execute and deliver on behalf of Debtor, pursuant to the authority granted in the Powers of Attorney described in subparagraph 3(e) hereof, one or more instruments of assignment of the Trademarks or Patents (or any application, registration, or recording relating thereto), in form suitable for filing, recording or registration. Debtor agrees to pay Secured Party on demand all costs incurred in any such transfer of the Collateral, including, but not limited to, any taxes, fees, and reasonable attorneys' fees.
- (e) Secured Party may apply the proceeds actually received from any such license, assignment, sale or other disposition of Collateral first to the reasonable costs and expenses thereof, including, without limitation, reasonable attorneys' fees and all legal, travel, and other expenses which may be incurred by Secured Party. Thereafter, Secured Party may apply any remaining proceeds to such of the Obligations as Secured Party may in its sole discretion determine. Debtor shall remain liable to Secured Party for any expenses or obligations remaining unpaid after the application of such proceeds, and Debtor will pay Secured Party on demand any such unpaid amount, together with interest at the default rate set forth in the Loan Agreement.

Nothing contained herein shall be construed as requiring Secured Party to take any such action at any time. All of Secured Party's rights and remedies, whether provided under law, the Agreements, this Agreement, or otherwise, shall be cumulative and none is exclusive. Such rights and remedies may be enforced alternatively, successively, or concurrently.

-4-

5. MISCELLANEOUS

- (a) Any failure or delay by Secured Party to require strict performance by Debtor of any of the provisions, warranties, terms and conditions contained herein or in any other agreement, document, or instrument, shall not affect Secured Party's right to demand strict compliance and performance therewith, and any waiver of any Event of Default shall not waive or affect any other Event of Default, whether prior or subsequent thereto, and whether of the same or of a different type. None of the warranties, conditions, provisions, and terms contained herein or in any other agreement, document, or instrument shall be deemed to have been waived by any act or knowledge of Secured Party, its agents, officers, or employees, but only by an instrument in writing, signed by an officer of Secured Party and directed to Debtor, specifying such waiver.
- (b) All notices, requests and demands to or upon the respective parties hereto shall be deemed to have been duly given or made: if by hand, immediately upon delivery; if by facsimile (fax), telex or telegram, immediately upon sending; if by any overnight delivery service, one day after dispatch; and if mailed by first class or certified mail, three (3) days after mailing. All notices, requests and demands are to be given or made to the respective parties at the following addresses (or to such other addresses as either party may designate by notice in accordance with the provisions of this paragraph):

If to Debtor:

Calvert Engineering, Inc.

28606 Livingston Avenue Valencia, California 91355

Attn: President

With a Copy to:

Kensington Capital Corporation

739 Alma Real Dr.

Pacific Palisades, California 90272

Attn: Nicholas Marshi

If to Secured Party:

Guaranty Business Credit Corporation 333 South Grand Avenue, Suite 1650

Los Angeles, California 90071

Attn: Portfolio Manager

- (c) In the event any term or provision of this Agreement conflicts with any term or provision of the Loan Agreement, the term or provision of the Loan Agreement shall control.
- (d) In the event that any provision hereof shall be deemed to be invalid by any court, such invalidity shall not affect the remainder of this Agreement.
- (e) This Agreement shall be binding upon and for the benefit of the parties hereto and their respective legal representatives, successors and assigns. No

-5-

provision hereof shall be modified, altered or limited except by a written instrument expressly referring to this Agreement signed by the party to be charged thereby.

- (f) The security interest granted to Secured Party shall terminate upon termination of the Loan Agreement and indefeasible payment in full to the Secured Party of all Obligations thereunder.
- (g) THE VALIDITY, INTERPRETATION AND EFFECT OF THIS AGREEMENT SHALL BE GOVERNED BY THE LAWS OF THE UNITED STATES OF AMERICA AND THE LAWS OF THE STATE OF CALIFORNIA. DEBTOR HEREBY IRREVOCABLY CONSENTS AND SUBMITS IN ADVANCE TO THE NON-EXCLUSIVE JURISDICTION OF THE STATE OR FEDERAL COURTS LOCATED WITHIN THE COUNTY OF LOS ANGELES IN THE STATE OF CALIFORNIA, TO HEAR AND DETERMINE ANY CLAIMS OR DISPUTES PERTAINING DIRECTLY OR INDIRECTLY TO THIS AGREEMENT, THE OTHER AGREEMENTS OR TO ANY MATTER ARISING THEREFROM IN ANY SUCH ACTION OR PROCEEDING. DEBTOR AGREES THAT SERVICE OF SUMMONS AND COMPLAINT OR OTHER PROCESS OR PAPERS MAY BE MADE OUTSIDE SUCH COUNTY IN SUCH MANNER AS MAY BE PERMISSIBLE UNDER THE RULES OF SUCH COURTS.
- THE PARTIES TO THIS AGREEMENT ACKNOWLEDGE (h) THAT JURY TRIALS OFTEN ENTAIL ADDITIONAL EXPENSES AND DELAYS NOT OCCASIONED BY NONJURY TRIALS. THE PARTIES TO THIS AGREEMENT AGREE AND STIPULATE THAT A FAIR TRIAL MAY BE HAD BEFORE A STATE OR FEDERAL JUDGE IN A COURT BY MEANS OF A BENCH TRIAL WITHOUT A JURY. IN VIEW OF THE FOREGOING, AND AS A SPECIFICALLY NEGOTIATED PROVISION OF THIS AGREEMENT, EACH PARTY TO THIS AGREEMENT HEREBY EXPRESSLY WAIVES ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION ARISING UNDER THIS AGREEMENT OR ANY OTHER INSTRUMENT, DOCUMENT OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION HEREWITH, OR IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF THE PARTIES HERETO WITH RESPECT TO THIS AGREEMENT OR ANY OTHER INSTRUMENT, DOCUMENT OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION HEREWITH, OR THE TRANSACTIONS RELATED HERETO OR THERETO, WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER SOUNDING IN CONTRACT OR TORT OR OTHERWISE; AND EACH PARTY HEREBY AGREES AND CONSENTS THAT ANY SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION SHALL BE DECIDED BY COURT TRIAL WITHOUT A JURY, AND THAT ANY PARTY TO THIS AGREEMENT MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE PARTIES HERETO TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY.

IN WITNESS WHEREOF, Debtor and Secured Party have executed this Agreement as of the day and year first above written.

<u>DEBTOR</u>:

CALVERT ENGINEERING, INC., a California corporation

Name: Grett F. THOMPSON
Title: CEO

SECURED PARTY:

GUARANTY BUSINESS CREDIT CORPORATION, a Delaware corporation

By:	
Name:	
Title:	

IN WITNESS WHEREOF, Debtor and Secured Party have executed this Agreement as of the day and year first above written.

DEBTOR:

CALVERT ENGINEERING, INC., a California corporation

By:	
Name:	
Title:	

SECURED PARTY:

GUARANTY BUSINESS CREDIT CORPORATION, a Delaware corporation

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By:	12	XV	ν			*			
Name:	_R	onald	۷.	ر ر	Mo	nta	01	ner	 V
Title:	Se	nior	$V_{\rm I}$	ce	P	ves	X	en.	1

EXHIBIT 1

SPECIAL POWER OF ATTORNEY

STATE OF CALIFORNIA)	
)	SS.
COUNTY OF LOS ANGELES)	

KNOW ALL MEN BY THESE PRESENTS, that CALVERT ENGINEERING, INC., a California corporation (hereinafter "Debtor"), hereby appoints and constitutes GUARANTY BUSINESS CREDIT CORPORATION, a Delaware corporation ("Secured Party"), and each officer thereof, its true and lawful attorney, with full power of substitution and with full power and authority to perform the following acts on behalf of Debtor:

- 1. Execution and delivery of any and all agreements, documents, instruments of assignment, or other papers which Secured Party, in its sole discretion, deems necessary or advisable for the purpose of assigning, selling, or otherwise disposing of all of right, title, and interest of Debtor in and to any trademarks or patents and all registrations, recordings, reissues, extensions, and renewals thereof, or for the purpose of recording, registering and filing of, or accomplishing any other formality with respect to, the foregoing.
- 2. Execution and delivery of any and all documents, statements, certificates or other papers which Secured Party, in its sole discretion, deems necessary or advisable to further the purposes described in paragraph 1 hereof.

This Power of Attorney is made pursuant to a Trademark and Patent Security Agreement, of even date herewith, by and between Debtor and Secured Party (as the same may be amended, restated, renewed, extended, modified, or otherwise supplemented from time to time, the "Security Agreement") and may not be revoked until indefeasible payment in full of all Debtor's "Obligations", as such term is defined in the Security Agreement. Secured Party agrees that it will exercise its rights with respect to this Special Power of Attorney only after the occurrence and during the continuation of an Event of Default (as defined in the Loan Agreement referred to in the Security Agreement).

Dated as of January 27, 2006

CALVERT ENGINEERING, INC.

a California corporation

Name:

Title:

$\begin{array}{c} \text{SCHEDULE A} \\ \text{to} \\ \\ \text{TRADEMARK SECURITY AGREEMENT} \end{array}$

<u>Trademarks</u>

<u>Trademark</u>	Number	<u>Date</u>	If Foreign Trademark What Country	Licensor
EggLite®	2,453,499	3/13/1998		New Option Lighting
Solar EggLite®	"Solar EggLite®" not registered to our knowledge. "EggLite®" portion of name is registered.			New Option Lighting
Cal Pump	2,185,489	9/1/1998 – Expired		
Cal Pump Waterscape Systems TM (stylized and/or with design)	Serial number 78855684	Application submitted 4/6/2006		
Cal Pond TM	Not registered.			
Cal Marine TM	Not registered.			
PondPerfect TM	78/426,909; no allegation of use filed.	Notice of Publication 5/3/2005		
SplashDance for Pools and Ponds® (and design)	78/598,189; also shown as serial number 78598189.	Notice of Publication 1/17/2006 Notice of Allowance 4/11/2006		

-9-

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SCHEDULE B to TRADEMARK AND PATENT SECURITY AGREEMENT

Patents and Applications

Waterproof light with multi-faceted 6,053,623 reflector in a flexible enclosure		<u>Date</u>	Inventor	Patent What	Licensor
eted		0000		Country	1
reflector in a flexible enclosure		4/25/2000	Dale G. Jones		New
			Barbara L. Marcum		Option
					Lighting
Waterproof light with multi-faceted 99911069.5 - PAF		3/2/1999	Dale G. Jones	Europe*	New
reflector in a flexible enclosure			Barbara Lee Marcum		Option
					Lighting
Waterproof light with multi-faceted 741920		3/28/2002	Dale G. Jones	Australia	New
reflector in a flexible enclosure			Barbara Lee Marcum		Option
					Lighting
Process and apparatus for self- 60/423,362	60/423,362 - provisional	11/4/2002	Dale G. Jones		New
	ŀ		Barbara Lee Marcum		Option
,		,			Lighting
Power control center for outdoor use to 10/624,956 - PAF	56 - PAF	7/21/2003	Brett Franklin		
transfer household voltage and low			Thompson		
voltage to remote locations			Miguel Angel Larios		
ı for	60/478,962 - provisional	6/3/2003	Robert C. Forbes		
electrical conductor wires, all			Brett Thompson		
applications			Miguel Larios		

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				If Foreign	
Patent Name	Number	Date	Inventor	Patent What Country	Licensor
Pond skimmer, in pond skimmer, inside	60/478,961 - provisional	6/3/2003	Robert C. Forbes		
of pond liner	ŧ		Brett Thompson		
			Miguel Larios		
Centrifugal pumps with internal	10/632,338 - PAF	8/1/2003	Brett Franklin		
cooling			Thompson		
			Miguel Angel Larios		
Pond filter, rotating cartridge type	11/078,838 - PAF	3/10/2005	Robert C. Forbes		
			Brett Thompson		
			Miguel A. Larios		
Self contained automatic nourishing	60/617,616 –	10/12/2004	Brett Thompson		
fluid recycling unit	provisional		Jared W. Hanlon		
			James Gilley		
			Thomas S.		
			Handwerker		
Fountain controller for generating	6,717,383	4/6/2004	Chris S. Brunt		Chris Brunt
dynamically changing flow patterns			Gary R. Fisher		Engineerin
					50

* Designated states of Austria, Belgium, Cyprus, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Monaco, Netherlands, Portugal, Spain, Sweden, Switzerland / Liechtenstein and United Kingdom.

$\begin{array}{c} \text{SCHEDULE C} \\ \text{to} \\ \\ \text{TRADEMARK SECURITY AGREEMENT} \end{array}$

Permitted Licenses

NONE

-12-

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RECORDED: 05/03/2006